



Agenda Report

MEETING DATE: Tuesday, March 21, 2023

TO: Planning Commission

FROM: COMMUNITY DEVELOPMENT DIRECTOR MERRIAM
ASSISTANT PLANNER, ALVARO MADRIGAL

SUBJECT: SPECIAL USE PERMIT WITH ENVIRONMENTAL REVIEW (PP2022-4605) TO ALLOW FOR THE ESTABLISHMENT OF A 1,200± SQUARE FOOT DELI WITH 200± SQUARE FOOT DEDICATED SALES AREA IN A PORTION OF AN INDUSTRIAL BUILDING WITH A COMMERCIAL KITCHEN LOCATED AT 10 HANGAR WAY (APN: 015-111-42), FILED BY APPLICANT AND PROPERTY OWNER, LAURA HOLMQUIST-GOMEZ, AND FINDING THE PROJECT CATEGORICALLY EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

STATEMENT OF ISSUES

The project involves the establishment of a 1,200± square-foot deli with 200± square-foot dedicated sales area in a portion of a 9,047± square-foot commercial kitchen for Five Star Catering ("Project"). Deli and commercial kitchen are in a 9,047± square foot portion of an existing 13,000± square-foot industrial building. Project entitlements consist of a Special Use Permit with Environmental Review.

RECOMMENDED ACTION

Staff recommends the Planning Commission adopt a Resolution:

1. Finding the Project is exempt from the California Environmental Quality Act (CEQA) as a Class 1 (Existing Facilities) project pursuant to Section 15301; and
2. Approving the Special Use Permit with Environmental Review (PP2022-4605) to allow the establishment of a 1,200± square-foot deli with a 200± square-foot dedicated sales area in portion of a 9,047± square-foot commercial kitchen under construction at 10 Hangar Way (APN 015-111-42).

BASIC PROJECT DATA

Application No.: PP2022-4605

Location: 10 Hangar Way

APN: 015-111-42

Lot Size: 19,602± square feet (0.45± acre)

General Plan: Industrial (I)

Zoning: Industrial Park (IP)

Surrounding General Plan/Zoning: Industrial in the IP Zoning District to the North, South, East, and West

Existing Use: Commercial kitchen under construction in an existing industrial building

Proposed Use: Commercial kitchen under construction with a deli in an existing industrial building

Surrounding Uses: various light industrial uses

Flood Zone: N/A

CEQA Review: The Project qualifies for a Class 1 Categorical Exemption from the provisions of the California Environmental Quality Act (CEQA), pursuant to section 15301 of the State CEQA Guidelines.

Applicant: Laura Holmquist-Gomez, 18 Mar Monte Avenue, La Selva Beach, CA 95076

Property Owner: Laura Holmquist-Gomez, 18 Mar Monte Avenue, La Selva Beach, CA 95076

BACKGROUND

According to the Santa Cruz County Assessor's Office, the property located at 10 Hangar Way (APN: 015-111-42). has been developed with an industrial building since 1981. The building has housed a variety of industrial uses since then.

In 2012, the Planning Commission of the City of Watsonville adopted Resolution No. 08-12 (PC), approving a Special Use Permit to allow establishment of a deli. This Special Use Permit expired, as the applicant did not submit a building permit to establish the deli.

On February 17, 2022, the Planning Division approved a Zoning Clearance (PP2022-3085) to allow establishment of a commercial kitchen for Five Star Catering. The Zoning Clearance

allowed the owner of Five Star Catering, Laura Holmquist-Gomez, to purchase the property at 10 Hangar Way

On July 29, 2022, the Building Division issued Building Permit BP2022-3319 to allow tenant improvements for Five Star Catering to establish a commercial kitchen. Approval of the commercial kitchen for Five Star Catering is limited to on-site food preparation with no deli sales provided to the public. The tenant improvements for the commercial kitchen are currently under construction and consist of the following:

- Install new commercial kitchen hoods
- Install new walk-in refrigerators and freezers
- Install new plumbing for new floor drains, floor sinks, new grease interceptor, new water heater and water lines
- Install new finishes per the Santa Cruz Health Department, including leveling floor
- New electrical and lighting
- New accessible ramp
- Removal of two roll-up doors
- Restripe existing parking lot and provide accessibility improvements

On November 30, 2022, applicant and property owner, Laura Holmquist-Gomez, submitted a Special Use Permit with Environmental Review (PP2022-4605) to establish a 1,200± square foot deli with 200± square-foot dedicated sales area within a portion of a commercial kitchen for Five Star Catering.

PROCESS

Special Use Permit

Establishment of a deli (DLU 547) is conditionally permitted within the IP Zoning District with issuance of a Special Use Permit. [WMC § 14-16.503\(b\)](#). The Planning Commission is authorized to approve Special Use Permits in accordance with the procedures set forth in [WMC Section 14-12.509](#) through [14-12.512](#) if it can make the findings required by [WMC Section 14-12.513](#).

The purpose of the Special Use Permit is to integrate uses which, because of their special nature, may be suitable only in certain locations or zoning districts or only provided that such uses are arranged or designed in a particular manner.¹ This special review shall be for the purpose of determining that the proposed use is, and will continue to be, compatible with surrounding, existing, or planned uses; and for the further purpose of establishing such special conditions as may be necessary to ensure the harmonious integration and compatibility of uses in the neighborhood and with the surrounding area.²

The Special Use Permit is to allow establishment of a 1,200± square foot deli with 200± square feet of dedicated sales area within a 9,315± square foot commercial kitchen for Five Star Catering.

¹ [WMC § 14-12.500](#)

² [WMC § 14-12.501](#)

Environmental Review

The California Environmental Quality Act (CEQA) requires local and state governments to consider the potential environmental effects of a project before making a decision on it. CEQA's purpose is to disclose any potential impacts of a project and suggest methods to minimize identified impacts. Certain classes of projects, however, have been identified that do not have a significant effect on the environment, and are considered categorically exempt from the requirement for the preparation of environmental documents. [State CEQA Guidelines § 15300](#).

STANDARD OF REVIEW & APPEAL PROCESS

The decision before the Planning Commission – Special Use Permit – is an adjudicative/quasi-judicial decision and requires findings, for denial, or as recommended, for approval that is supported by substantial evidence. *Toigo v Town of Ross* (1998) 70 Cal App 4th 309; see also *Petrovich v. City of Sacramento* (2020) 48 Cal App 5th 963. If the Planning Commission's decision is appealed, the City Council will consider whether the action taken by the Planning Commission was erroneously taken and may sustain, modify, or overrule the action.

DISCUSSION

Existing Site

The 0.45± acre site is developed with a 13,063± square foot industrial building. The first floor consists of a 4,767± square foot commercial kitchen for Five Star Catering, including a 4,548± square foot second floor consisting of three offices, one breakroom, and an employee restroom. Five Star Catering business operations are within a 9,315± square foot portion of the industrial building. The remaining space on the ground and second floor is a 3,748± vacant tenant space. Access for pedestrians is provided by an accessible ramp fronting Hangar Way. To the south of the industrial building, a 20± foot wide driveway provides access to a surface parking lot where 15 parking spaces are provided for employee parking. Figure 1 provides the project site and the neighboring uses consisting of The Hook cannabis retail to the west across Hangar Way, to the south Bio-Botanical Research, Inc., to the north, Pacific Continental Truss, and to the east, Maggiora Bros. Drilling, Inc.



Figure 1. Aerial View of Project Site and Surrounding Uses
Source: City of Watsonville GIS

Floor Plan and Proposed Project

Five Star Catering is currently completing its tenant improvements through Building Permit BP2022-3319. Attachment 1 provides the approved building permit floor plans and consists of the following:

- First floor
 - 3,482± square foot commercial kitchen space
 - 582 ± square foot storage space
 - 493± square foot walk in freezer and refrigerator space
 - 210± square foot breakroom/office
 - Total Five Stare Catering space: 4,767± square feet
- Second floor
 - 120± square foot restroom
 - 420± square foot breakroom
 - 870± square foot of office space
 - 3,138± square foot of storage space
 - Total Five State Catering space: 4,458± square feet
- Vacant Tenant Space
 - 3,748± square foot located on first and second floor

The Project proposes to establish a 1,200± square foot deli towards the front western portion of the building. The customer walk-up sales area will be 200± square feet in size. Figure 2 provides the proposed floor plan for the deli (See attachment 2).

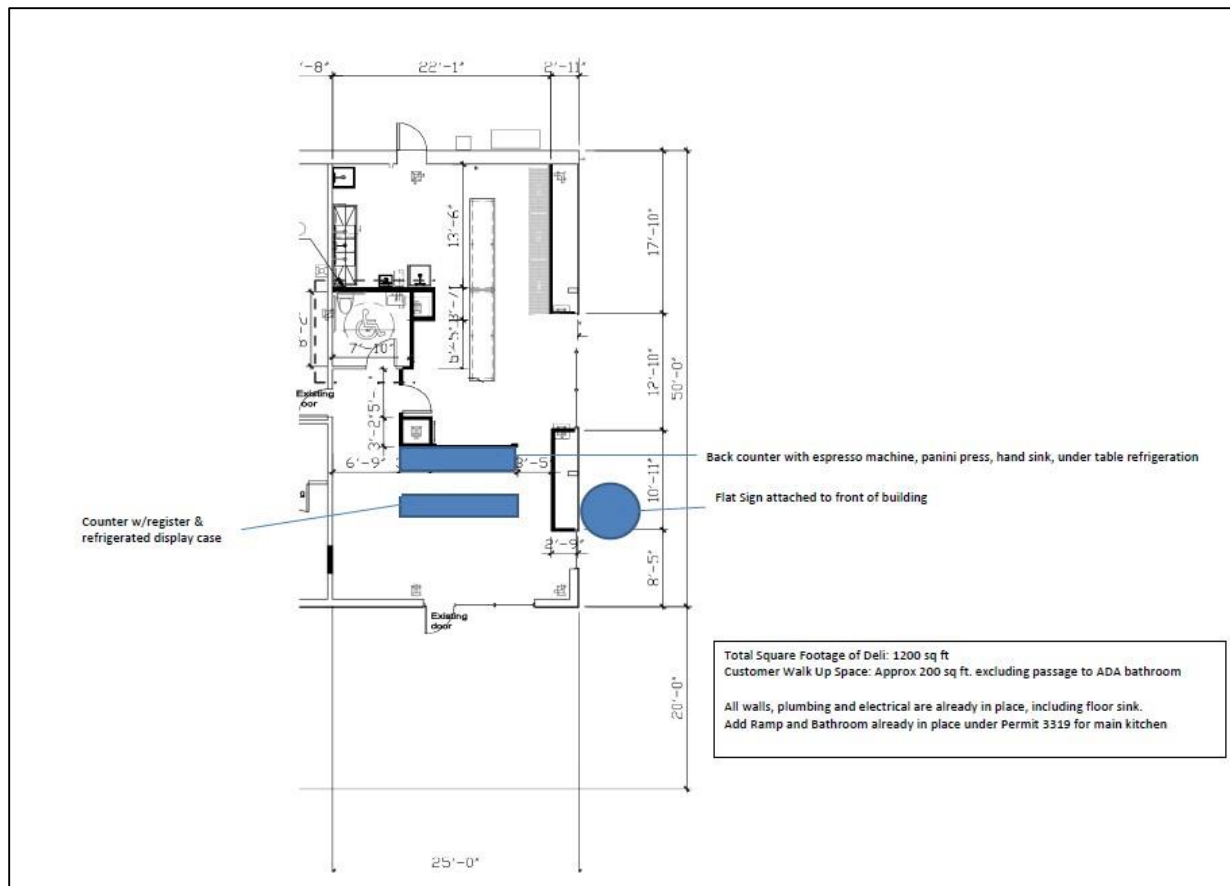


Figure 2. Proposed Deli floor plan

Source: James Vocolka, project architect

Proposed Deli Operating Hours

Monday – Friday from 6:00 a.m. – 8:00 p.m.

General Plan

Land designated Industrial (I) in the *City of Watsonville's 2005 General Plan* allows for a variety of industrial and commercial related uses, including wholesale sales, storage, heavy commercial, transportation services, warehousing, construction, fabrication and trade shops, general manufacturing, food processing, and related services, businesses and uses. The 2005 General Plan details the following goals and polices concerning land uses in the Industrial Zoning District:

- **Goal 4.4 Industrial Land Use** – Achieve economic diversification, living wage employment, the preservation of the agricultural economic base of the Pajaro Valley, and maintain a balance among jobs, housing, and other urban land uses.
- **Policy 4.D Industrial Land Use** – The City shall promote modernization of existing industrial plans and the location of new industrial facilities on lands planned for industry in *Watsonville 2005*.
- **Implementation Measure 4.D.3 On-Site Services** – The City shall encourage incorporation of on-site services such as childcare, food service, and recreation, to discourage traffic associated with these trip purposes, where appropriate.

The proposed Project will establish a 1,200± square-foot deli with 200± square-foot dedicated sales area within a 9,315± square foot commercial kitchen for Five Star Catering. The deli will provide a convenient location for nearby businesses to patronize. The deli will serve breakfast and lunch during the week, strictly for to go orders.

Zoning

The purpose of the Industrial Park District is to provide a separate and exclusive district for light, non-nuisance industry, business, service, and research work; to promote an industrial business, service, and research area which is not dependent on rail transport and not requiring outdoor storage; to foster and encourage the development of specialized manufacturing, business, service, and research institutions; to promote and protect design and landscape qualities in the district; to minimize traffic congestion through the provisions of adequate off-street parking and loading, and to protect the district and surrounding area and any adjacent residential or commercial property from noise, illumination, glare, and unsightliness, including outdoor storage, odors, dust, dirt, litter, smoke, fumes, vibration, heat, fire, and other hazards. [WMC § 14-16.500](#).

The establishment of a deli within a commercial kitchen for Five Star Catering is a conditionally permitted use within the IP Zoning District, requiring issuance of a Special Use Permit from the Planning Commission. [WMC § 14-16.503\(b\)](#).

Tenant Improvement

A condition of approval requires the applicant to submit a tenant improvement plan for review and approval by the Building Department to allow for the 1,200± square foot deli.

Parking

Pursuant to [WMC Section 14-17.501\(a\)](#), a catering business is classified as food and kindred products (GLU 20) requiring one space for each employee on shift with the maximum number of personnel or one space per each 1,000 square feet of gross floor area, whichever is greater. The catering operation is 9,315± square feet in size requiring nine on-site parking spaces. The deli sales area will be 200± square feet in size and the WMC requires one space per each 200 square feet of floor area. [WMC § 14-17.801\(e\)](#). Resulting in one additional parking space for the deli. Total parking required is 10 spaces. As shown on the site plan (Attachment 1, Sheet 1), 15 parking spaces are provided. The Project satisfies the parking requirements of the WMC.

Environmental Review

The proposed project is eligible for a Class 1 Categorical Exemption per Section 15301 of the State CEQA Guidelines as it involves establishing a deli within an approved catering business for Five Star Catering. The project involves an existing 9,315± square foot catering facility proposing minor interior alterations to accommodate a 1,200± square foot deli with 200± square foot dedicated sales area. The project does not involve expansion of the existing building footprint.

STRATEGIC PLAN

The purpose of the City of Watsonville's 2021-2023 Strategic Plan is to help the City prioritize its efforts, allocating both fiscal and human resources to achieve a shared vision and goals. The 2021-23 Strategic Plan identifies six goals concerning housing, fiscal health, infrastructure and

environment, economic development, community engagement and well-being, public safety, and efficient/well-performing government.

The economic development goal (Goal 04) articulates the Council's priorities to "strengthen and diversify the City's economy for all, by supporting and growing existing businesses, attracting new businesses, enhancing workforce development, revitalizing downtown, and engaging the community to reinvest in the City."

The Business attraction and expansion strategy 4.1 of the Strategic Plan prioritizes attracting and growing businesses in Watsonville that help strengthen and diversify our local economy and provide new services and living wages for our local residents.

The Project involves the establishment of a deli within an existing commercial kitchen for Five Star Catering. The deli and catering business will provide additional employment opportunities for City residents and allow an existing business to expand.

FINANCIAL IMPACT

The establishment of a deli within an existing catering business will provide sales tax revenue to the City and new employment opportunities for city residents.

ALTERNATIVE ACTION

The Planning Commission may deny the request to establish a deli within an existing catering business, subject to making findings for denial. If the Planning Commission desires to deny the project, staff would recommend that the item be continued to a future date so that a resolution denying the project based on substantial evidence may be prepared.

ATTACHMENTS

1. Approved Building Permit Plans BP2022-3319
2. Proposed floor plan for Deli
3. Site and Vicinity Map